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QUOTA PLANS

SPECIAL REPORT NO. ~~4~~ 71

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SPECIAL REPORT NO. 71

QUOTA PLANS OF NOTABLY SUCCESSFUL CONCERNS INCLUDING
TABULATION SHOWING METHODS FOR CORRECTLY
DETERMINING QUOTA BASIS

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Compiled by
The Dartnell Corporation - Chicago

PURPOSE OF THIS REPORT

We have been receiving a steadily increasing number of requests for information concerning the experience of our subscribers in connection with quota plans. Those concerns already having quota systems are interested in placing them on a more scientific basis and revising them to meet newly arisen conditions. Others are inquiring for data that will aid them in establishing quota plans that will meet the requirements peculiar to their business.

In view of this interest we have made an investigation of the methods of fifty concerns having apparently successful quota plans and present to you the information boiled down in this report. The object is to place in your hands for reference purposes when needed up-to-date data regarding quota systems used in all classes of businesses, providing you with the basic principles back of these plans and methods of applying quotas, as well as facts from the experience of many concerns with quotas, including brief mention of pitfalls to be avoided.

By being suggestive and giving you an insight into the plans used by others, this special report will serve its purpose. You alone can adapt the principles presented to your own peculiar requirements although it is quite possible many ideas herein can be applied in your work just as they stand.

On behalf of our subscribers we wish to thank H. L. Simpson, Sales Manager, United Drug Company; H. E. Peterson, General Sales Manager, The Beaver Board Companies; Harry A. May, Secretary, Todd Protectograph Company; J. A. Miller, White Sewing Machine Company; J. V. Mowe, General Sales Manager, Kelly-Springfield Tire Company; S. H. Dodge, General Sales Manager, Burroughs Adding Machine Company; S. J. Gillfillan, Secretary, F. E. Compton & Company; Elliot Reid, Sales Manager, Westinghouse Mfg. Company; G. A. Roskam, Robt. H. Ingersoll & Bro.; American Radiator Company; A. McNally, Arbuckle Brothers; D. L. Condit, Duplicator Mfg. Company; W. C Eckhardt, Edison Phonograph Company; and others for their cooperation in compiling this data.

If you have no immediate use for the information contained in this report, we strongly urge that you file it for future reference, as sooner or later you will want data on proven quota plans and this report will be of considerable help to you.

A REPORT OF INVESTIGATIONS MADE AMONG LEADING CONCERNS IN VARIED LINES OF BUSINESS TO SECURE INFORMATION REGARDING APPLICATION AND USE OF QUOTA PLANS OF DEMONSTRATED VALUE

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TENDENCIES TOWARD MORE SCIENTIFIC BASIS FOR QUOTAS. The ideal quota plan operated under modern conditions is fifty percent scientifically determined and fifty percent based on factors peculiar to the business. The general tendency disclosed by our investigations is toward more scientific methods of arriving at the right basis for quotas. This tendency has grown up from the once popular method of deciding quotas entirely through the personal judgement of one individual. As an example, the plan used by the Burroughs Adding Machine Company is one of the plans which considers all past performance to be a 50 percent factor and the other 50 percent what is sometimes called a "business enterprise" factor. In the case of this company, past performance is used mainly to give the distinction between large and small buyers. Records show buyers and complete details by counties and in the larger cities by streets. Under the heading of the "business enterprise" factor, through the work of a research department, statistics have been compiled showing the possibilities in all territories. This concern has the number of enterprises classified into twenty-one different headings in every town, county or territory unit in the United States and Canada. Each of the classifications carries a value, scientifically determined, varying in different parts of the country and according to conditions peculiar to the business. For instance, a retailer rated from three to ten thousand dollars in the South is not given the

same value as a retailer of the same rating in the West. He is also given another rating in the East, another in Canada, another in Texas and another in the Middle West. The interesting comparisons in different lines of business are arrived at only after exhaustive study, as can be seen.

This concern has separate quotas for three general divisions of its business and quotas on every county in the United States and Canada, totalling about 3400 in all.

EFFECT OF QUOTAS ON THE SALES ORGANIZATION. While it is the consensus of opinion that the establishing of quotas and setting a mark at which the men can aim has a desirable effect on the organization, there is some difference of opinion on this subject. The chief arguments against the quota plan may be summed up as follows: Wherever salesmen compete with one another in a quota race there exists a danger of instigating rivalry that will tear down the cooperative spirit, unless the executive in charge is a sales general and can direct the spirit of rivalry in the right direction. Also, a high quota may injure a man's loyalty and encourage him to consider other propositions. Then again, if every salesman is not thoroughly sold on the quota assigned him, he is liable to gather the impression that he has been assigned a particularly high quota as a result of some personal feeling. Many sales managers maintain, also, that when the men are on a proper basis of compensation that should be sufficient.

On the other hand, many concerns report that, as a direct result of establishing quota systems, business has been greatly increased. In the majority of such cases a scientifically determined quota has made such results possible. And, when such a quota is once established it immediately becomes an important factor in the work of planning an organization and the future sales policies. An instance of this is the case of the Burroughs Adding Machine Company just

mentioned. F. H. Dodge, General Sales Manager, reports that the building of a proper sales organization has been an easier problem because of their methods of arriving at quotas. Quotas are set on territories and not on men. The possibilities of territories are determined through the use of statistics giving past performances and other statistics concerning the number of prospects in each territory. Having all this data arranged by counties the quota plan then becomes an organization builder by furnishing the required information for placing men, finding the proper number of men for each state, deciding upon their headquarters where quota is heaviest, getting the average selling capacity of each man and putting on enough men to make quota, and in general developing the correct sales productiveness.

DETERMINING BASIS FOR QUOTAS. The first step in arriving at the correct basis for quotas is to make an analysis of past sales. If the past one or two years do not give a fair comparison it may be necessary to go back a number of years. Such an analysis should be made by districts. This will show exactly what each territory has been producing, and a knowledge of conditions and of the men in those territories will make the comparative analysis of each territory show up to a limited extent the men who are not producing. However, the second step is necessary to furnish any specific evidence of lack of sales production. To sell the salesman or branch manager on what possibilities there are in his territory as compared with what he is producing, definite figures should be presented. So the next step is to decide what prevailing conditions in all sections of the country influence to any extent your sales and select a factor or a set of statistics which will give you a measure of sales possibilities. Most of the influencing conditions will be known to you, but the latter will be a problem in some lines of industry. A majority of concerns use population

statistics, considering, of course, contributing factors; others use the value of manufactured products; others use financial statistics; and so on. This subject will be discussed later in this report.

However, these figures will help you arrive at the potential market for your product. The next step is to compare actual sales with the market possibilities, then your estimate as to what the increase in business should be for the year will enable you to determine what the quota in each territory should be.

Methods for arriving at sales quotas vary greatly and any set rules can only serve as a foundation upon which to build. The following is presented by Arthur Livingston of the Burroughs organization:

Chart I -- Sales to date for each territory. In opposite column quota for each territory figured on basis of percentage of total company business done by that territory.

Chart II -- Tabulate opposite each territory, its population, or buying units, to represent possible business. In third column figure the possible quota based on population being equal to total Company quota, and each single territory its proper percentage. (Example: If the company quota is 1,000,000 and the total population 7,300,000, figure the quota for each territory on the percentage of population in territory to the total population, and use that figure to arrive at territory quota.)

Chart III -- First column tabulate the territories. Second column the quotas as given in chart I. Third column the quotas as given in chart II. Reconcile these two quotas according to the relative influence of each on sales, and the result should be tabulated in fourth column. (For example, if a salesman ought to sell in exact proportion to population it would be safe to take fifty percent of territory quota and fifty percent of population quota, and add the results together to arrive at your next quota figure. If population was not a positive factor, less regard should be paid to it. The factors can also be changed to fit peculiar conditions existing in each territory at this stage.)

Chart IV -- To arrive at final quota for any given territory add together 50 percent of sales to date, 25 percent of quota calculated on population, 25 percent of a distributing unit, or merchant's quota, reached in the same way as the

general population figure, except that merchant population is substituted for general population figures. The sum of these three items gives you the final or working quota.

PAST RECORDS AS A GUIDE IN ESTABLISHING JUST QUOTAS. Past performances, many sales executives report, are found to be the most important factor in arriving at quota. Even those concerns which have expended thousands of dollars in investigations and statistical work in order to find a just basis for quotas, allow past records to be a 50% factor. This is found to be a general tendency. However, a very large number of concerns have used past records as a 100% factor for a number of years and still regard it as the most satisfactory in spite of its weaknesses. The White Sewing Machine Company, for example, allows past records to govern largely the establishing of their quotas. J. A. Miller of this company writes:

> "The use of population figures in our particular business has its limitations, consequently we have in the past used the volume of previous years, considering the character of the territory as it relates to our particular line. Although we have in some instances fixed a quota by using arbitrary figures, we generally aim to determine the volume and make the quota 10% in excess of that previously accomplished. We shall be very much interested in the result of your compilation."

Geo. A. Hormel & Company has adopted a similar arrangement and hold contests running over short periods of time in connection with the quota scheme. A letter from J. G. Bramham describes the plan as follows:

> "The most successful plan we have ever used is to establish a quota for a certain period, taking as a basis, the sales of the territory for the same period a year ago. For example, we will take five weeks in 1918, figure the tonnage of each territory on the item we wish to feature and, taking into consideration present business conditions, establish a quota for the territory for the same five weeks in 1919. We will then pay the salesmen so much per hundred pounds on their sales over and above their quota. In addition to this, we will offer a capital prize of say $50 for the man showing the highest gain above quota on all territories, with a second prize of $25, third prize of $10. This plan enables the salesman to profit not only by the increased volume of his territory but also

> to win a capital prize by increasing in greater proportion than other salesmen.\
>
> "Our men have always looked upon this plan as very fair and we have never had any unfavorable criticism from them while on some of the plans we have tried the salesmen on certain territories felt the terms of the contest were unfavorable for them. It has been our experience that it is not so much the prize offered as it is the satisfaction of being a winner. The men would just as soon have a silk umbrella, travelling bag, stick pin or something of this kind as to be paid a cash prize."

A concern in an entirely different line of business -- a manufacturer of beds and bedding -- uses past performances as a 50% factor. The sales manager of this company writes:

> "To begin with we gave each salesman a weekly quota covering a two months period, this quota being based on actual shipments for the same period of the previous year plus a certain percentage of increase over and above the general advance in prices of our product. Each week all salesmen are advised as to their own standing in dollars and cents and as to other salesmen's standings in percentage only. Then at the regular bi-monthly sales meetings the actual figures are shown on the blackboard of each salesman's standing and a nominal prize, first, second and third given to the three men showing the largest increase. At the end of the year three substantial prizes, first, second and third, are given to the three men showing the largest percentage of gain for the entire year.
>
> "We find the greatest incentive for the boys to get out and work hard to increase their sales was not the prizes but rather a matter of pride in not being shown up when each salesman's gains and losses in dollars and cents were shown on the blackboard at every bi-monthly meeting."

QUOTA PLANS THAT CONSIDER THE HUMAN ELEMENT. The plans just discussed take into consideration the productivity of the territory in the past, but many concerns find that in order to give every man a chance to make a showing it is necessary to take into consideration the salesman operating that territory. A nationally known company, manufacturing a product which can be classed in the building material field, give equal consideration to the salesman's past record, his

ability, and conditions and possibilities in his territory. This encourages the salesmen who do not stand at the top of the list in volume and gives all an equal chance to win the prizes offered. Each man is given a quota of 1,000 points for the year, which represents a certain amount in dollars and cents. While the total number of points are the same for every salesman, the value of the points vary. The value of one point is arrived at by dividing 1,000 into the sales figure set for the year for each salesman.

MAKING PRODUCTION THE BASIS FOR QUOTAS. Robt. H. Ingersoll & Bro. make the estimated production for the year the basis for the total quota of the sales organization, a certain percentage of increase over the previous year being set. A definite quota is established on each of the fourteen different models. This quota is distributed among the branches in proportion to the previous year's sales. Branch managers assign quotas to the salesmen on the same basis. The salesman's quota on each of the fourteen models and his sales are kept before him on a daily quota sheet showing how much he is undersold or oversold on all of them. Some salesmen find one model very much easier to sell than others. The chances are they would oversell on one model and undersell on others which the house desired to push. However, the quota plan demands orders in certain proportions and the salesmen invariably govern themselves accordingly. If it so happens that he oversells on a certain model, he is short rated on that particular model and overrated on others in order to make up the difference in the following month. The Westinghouse Lamp Company plan of using production as a basis differs slightly, as is seen by letter from Elliot Reid, sales manager, which reads in part as follows:

> "At the beginning of the year each of our district managers submit to us an estimate of the number of lamps which they will require for their territories. These estimates are totaled and checked up

against the total manufacturing capacity of our plants and our own knowledge of the general conditions in the business. We then notify each manager that he can or cannot have his estimate, and a figure is finally arrived at representing the number of lamps which each district office will be allotted. This, in a way, constitutes the district office quota for the year. Each month, thirty days in advance, the district manager places with our factories a requisition for the lamps required and these are made and shipped to the district office by the factory.

"Our salesmen do not work on a quota system, though our managers set bogies for their men, based on their annual estimate of sales. The salesmen's compensation, however, is not at the present time based on this bogy, though we have in mind revising our plan so that quotas will be set for each salesman by the district manager and the compensation will be based on the salesman's results as compared with his quota. It will be six or seven months, however, before we can come to a final decision with regard to this plan."

Production cannot be used as a basis for quotas except under certain conditions. These may be summed up as follows:

1. When production is limited and sales must be limited accordingly.
2. When the production capacity is such that quotas assigned on this basis will be attainable by the organization.
3. When the plans of the company call for a simultaneous increase of production and sales one year after the other.
4. When it is desirable to keep down the sales on certain items and push the most profitable items.
5. When district offices are required to give an estimate of sales and production is governed accordingly.

FIGURING QUOTAS ON BASIS OF SALESMAN'S SELF VALUATION. Every sales manager knows that most salesmen have an exalted opinion of their selling powers. In fact this very self-confidence contributes to their success. It can also be capitalized for quota purposes with amazing effectiveness. Realizing this the Addressograph Company adopted this plan which is described as follows:

The Addressograph Company divided its sales force into four classes and set

an arbitrary quota for each class. It then permitted each salesman to elect himself to that class in which he considered he rightfully belonged. Needless to say nearly all the salesman put themselves in the first class, which of course, takes the highest quota.

The plan was broached to the men at meeting of the Addressograph Hundred Club, and met with general approval by the fifty-seven salesmen present. These men were first given a chance to pick the class to which they wished to belong. Nine of the best men quickly chose first class. A "ballot" was then sent to the other hundred men. Salesmen were instructed to indicate on the ballot, the class to which they wished to be assigned and mail back the card by return mail.

"Before selecting your quota," the instructions read, "get this thought in mind -- your quota should represent, not the amount of business you are pretty sure you can sign up, but the amount you would like to sign up. In short, make your quota something to 'shoot at,' a goal worth attaining.

A Quota Committee consisting of officials and ranking salesmen has been appointed for the purpose of passing on quotas. This committee reserves the right to refuse to accept a quota if, in their estimation, a man has under-rated his ability, or vice-versa, over-rated himself.

In connection with the new quota score board, the management has discontinued the practice of figuring reports with quota, but has established an arbitrary report quota of 125 reports a month from each man. Any salesman who falls below that total any two months after July 1st, eliminates himself from the 1920 Hundred Club. Totals on reports sent in each month are to be shown on the score board in small figures below the sales figures.

The new rules regarding the figuring of quota, decided upon at the meeting of Hundred Point salesmen, give special points for complete equipment sales, exchange sales to be credited same as new orders, no credit on trial orders until sale is confirmed, no credit on orders taken subject to cancellation, no credit to any salesman for orders taken by anyone working under him.

EQUALIZING POTENTIAL DEMAND WITH BOOK BUSINESS. The ideal quota plan tends toward equalizing the existing possible demand with the book business. For this reason, many concerns report that it is necessary in their business to arrive at the potential demand before they proceed to establish quotas for more or less intensive selling. They find it is important that statistics be obtained representing the existing possible demand to a reasonably accurate degree. Such statistics are only of greatest value when obtained by territories. Without a knowledge of sales possibilities in each territory there is no fair comparison. In some lines of business figures that will make a basis for

analyzing sales possibilities are hard to obtain. Available figures have serious drawbacks. However, the majority of businesses can compile data that will disclose a possible demand, and doing this, it is found, is the biggest step toward making your quota system a scientific proposition.

USE OF POPULATION STATISTICS AS A BASIS FOR QUOTAS. Most business men have been prone to look upon population figures as a good basis for territory analysis work for the "other fellow" but it didn't fit his business. The building material executive said it was all right for the hosiery man, the hosiery man said it was all right for the food products man, and the office specialty executive thought it might fit anyone excepting him. But concerns in all of these industries, as well as a long list of other businesses, are now using these statistics as a basis for quotas, perhaps considering certain influencing factors. In fact, population figures are used as the chief consideration in more businesses than all other things combined. The Beaver Board Companies are an example. H. E. Peterson, the general sales manager, describes their plan briefly as follows:

"Our procedure today is, of course, a little different than at the outset as the establishment of a quota when entering an undeveloped field is largely a matter of conjecture. Today we create specific territories based largely on population. An analysis of our business in footage by states indicates a comparative per capita consumption state for state, the exception being where more intensified field efforts are obtained, and there we find, of course, a larger per capita consumption. Therefore, accepting population as your basic plan, you next take into consideration the amount of footage sold the preceding year, the business conditions such as building operations and general trend of business, and if the same sales plan is continued, expect a normal increase of from 15 to 20 percent, yet under a more intensified plan, seek a larger per capita consumption or establish a larger quota.

"After these quotas have been tentatively prepared at our administrative sales office, the domestic sales manager discusses these with the general sales manager, then the individual territory quotas are discussed with the district sales managers -- there being 15 district zones in this country. The district sales manager, being of the same opinion as the administrative office, then proceeds to discuss the proposed quotas with the representative in the territory.

"We have found from our past five years experience in pursuing this method that it works out very satisfactory both from the standpoint of the representative, the district sales management and the general sales management as well as the company, or in other words, we discuss our plan with all interested factors before accepting it as a fixed plan. This is demonstrated in that from year to year we not only make our quotas, but exceed them, and 85 percent or better of our representatives realize their quotas and commissions on the shipments in excess of their fixed quotas."

Another example is the case of The Safe Cabinet Company. This concern has made an exhaustive investigation of their sales possibilities with population figures as a foundation. In one territory alone where the figures were presented, the manager was so thoroughly sold on the opportunity to increase his business that he asked to have his territory cut down, practically tripled his sales force and went after the business in the manner outlined by the home office. The Safe Cabinet plan is more fully covered in the Dartnell report number 67. Another office specialty concern which has established quotas on a per capita basis is the Todd Protectograph Company. This case is slightly different in that the field for their product is quite as much among individuals as it is among firms. Harry A. May, secretary of the company, reports that the plan meets their requirements. This plan is being tried out in an eastern territory by The Duplicator Manufacturing Company. The True Shape Hosiery Company uses population entirely as a basis for their quota system. The same plan fills requirements of The Conklin Pen Manufacturing Company. Concerns in the shoe industry, food products, household specialty, automobile, soft drink, and other businesses, have always regarded population an important factor.

However, in the use of per capita measurements the important thing is to determine those factors peculiar to your line of business, which influence the purchase of your product. The best way to do this is to compile complete figures on two or three territories which contrast in many respects, and, with your knowledge of conditions and facts you are able to obtain, deduct the reasons why

there is a variance between the per capita sales in these territories. As an example, it is valuable to note the contrast in the per capita consumption of luxuries in the Corn Belt and the South, or the Pacific Coast. One state will also show a marked contrast to another. A few typical comparisons in this connection mentioned in an article in the March 1920 issue of SALES MANAGEMENT magazine, subject "Per Capita Measurements," by J. George Frederick, are:

A. Per capita contrasts between rural, semi-rural, and urban population.
B. Between groups of towns of certain average size, with groups of towns of a higher or lower average size of population.
C. Average per capita consumption of linen collars in towns of 1500 people as contrasted with towns of 500.

DATA NEEDED IN DETERMINING TERRITORIAL QUOTAS. The exact data required varies with each line of business, but the tabulation below may serve as a place to begin:

(a) Total and per capita consumption -- by individual products, by grades of towns, etc.
(b) Total and net population -- divided by classes, wealth, income, occupation, rating, etc.
(c) Consumers -- divided by classes, by volume, character, products bought, activity, credit, etc.
(d) Prospects divided by classes -- former customers, interested, possibles, "hard shells", almost hopeless, black list.
(e) Sales records for each of above separate divisions, uniformity for all districts.
(f) Sales records of each individual salesman -- traveling expense percentage, sales, average efficiency of call, length of jumps, etc.
(g) Number of dealers and prospects per 1,000 of population and per square mile and per mile of railway required to travel.
(h) Maximum sales per annum of individual dealers or customers; maximum and average sales. Also average size of order, frequency of order and variety of stock carried, complaints, cessations, failures, credits, ratings, cancellations, returns, etc.
(i) Percentage of distribution -- of dealers in each line of trade handling the goods.
(j) Competition figures for as many as above items as possible.
(k) Quota figures and percentages based on above factors.
(l) Data concerning jobber, or distributing situations for comparison.

TABULATION OF METHODS FOR ARRIVING AT QUOTA BASIS. To visualize the chief factors used in determining quotas in various lines of business the following tabulation has been compiled:

NAME OF CONCERN	MAIN CONSIDERATIONS IN SETTING QUOTAS
Ford Motor Co.,	Population; wealth of community; nature of local industries.
Todd Protectograph Co.	Population.
Burroughs Adding Mch. Co.	Territory possibilities based on business enterprise figures compiled by extensive research and investigating work; past performances.
The Conklin Pen Mfg. Co.	Per capita measurements; records of past sales; ability of individual salesman.
Westinghouse Lamp Co.	District managers' estimates of sales for year; production capacity.
F. E. Compton & Co.	Definite scale of increase over previous year's performance of each canvasser.
Vogan Candy Co.	A daily order minimum, depending on territory, largely to encourage more calls.
Malone & Hyde, Inc.	Total sum of what salesman and sales manager decide each dealer should sell during year.
Arbuckle Bros.	Past performances.
United Drug Co.	Past performances.
(Name withheld -- Paint and Varnish Industry)	Territory possibilities; conditions; past efforts of salesman; his ability.
Robt. H. Ingersoll & Bro.	Production; past records of sales by territories.
The Addressograph Co.	What salesmen think they can produce; volume; number of orders; call reports.
White Sewing Machine Co.	Volume in previous years; conditions in territories.
True Shape Hosiery Co.	Population.
Russia Cement Co. (LePage's)	Five groups of products taking separate quotas based largely on sales of previous years and conditions.
The Beaver Board Companies	Per capita statistics.
Northrup, King & Co.	Number of possible buyers in each territory estimated; time required for salesmen to cover.

NAME OF CONCERN	MAIN CONSIDERATIONS IN SETTING QUOTAS
Geo. A. Hormel & Co.	Sales for same territory and same period previous year.
Salisbury & Satterlee Co.	Shipments of previous year plus certain per cent.
J. E. Porter Co.	Volume of sales during past year; number new dealers developed; days worked and reported; direct sales; number of orders; average amount per order; percentage of sales expense.
Baker-Vawter Co.	Bank and commercial census figures; conditions; past business in territories.
Kelly-Springfield Tire Co.	Automobile registrations; production.
American Radiator Co.	Past performances; population; conditions.
Duplicator Mfg. Co.	Past records; ability; estimated territory possibilities.

* * *

HOW TO GET STATISTICS. In the cases of some industries such as automobile accessories, statistics are easily obtained. This is the plan of the Kelly-Springfield Tire Company, as reported by E. C. Denaple:

> "In order to establish any definite quotas in our sales program, it is necessary for us to purchase the registration of automobiles and trucks of every state, this being divided into counties and cities. We then took the total of all the automobiles, both passenger cars and trucks, being operated in the United States and compared same with our program of production for the current year. Assuming that we would sell every tire that was made by this company, we then arrived at the figure of our possibility per car.
>
> "Of course you realize that our company is divided up into branches throughout the country, each branch is given a particular territory, and registration of these particular territories is forwarded to our various branch managers. We can then easily figure just how many tires and tubes each branch should sell if we absorb all our production. The branch territory is then divided up among the traveling salesmen, and parts of the territory allotted to dealers and distributors. They in turn are given a quota which they should sell in proportion to the registration for the particular section they handle."

However, not all concerns are so fortunate as to have "ready made" statistics and may have to secure data for their estimate of territory possibilities from

sources that require considerable research work to compile the necessary statistics. Many concerns realize the value of getting such statistics but are at a loss to know where to get them. For the benefit of these concerns and all others interested in territory analysis work we have compiled a partial list of the various classes of statistics used by our subscribers, giving the sources from which they can be obtained. The tabulation will be found further along in this report.

AMERICAN MULTIGRAPH PLAN FOR BRANCH OFFICE QUOTAS. The total of all salesmen's quotas makes up the branch office quotas in the plan of The American Multigraph Co. This total is considered 100% for each branch and with this as a basis contests are operated to maintain an interest in competition between branch offices, in addition to the regular quota race of the entire organization. An interesting sidelight on the Multigraph plan is that in the past when salesmen made their quotas they were entitled to an extra commission on their total sales for the month.

UNITED DRUG PLAN OF PLACING QUOTA ON SINGLE ITEMS. A $75,000 quota was set on one item recently by the United Drug Company, and it is reported that at the present outlook, forty-five days prior to the close of this particular contest, at least fifty percent more of the item will be sold than would have without the quota plan. This is an example of what is accomplished by the company's plan of featuring single items. H. L. Simpson, sales manager, explains the plan as follows:

> "There are some items that are pretty much universally used in the same ratio throughout the United States. We started a campaign two months ago on our Klenzo Antiseptic Wash. It is a freezable item and we have to get the business in shipments before October first. We estimated the amount we thought we should sell. I purposely doubled that amount and then figured out what each man's quota should be on the basis of the total amount of merchandise shipped into each man's territory in 1919.

> "We have seventy-five men on the road. The territories varied from nine-tenths of one per cent up to as high as three percent. The man who exceeds his quota to the greatest amount in percentage will be given $100 in gold at our salesmen's convention."

USE OF PERCENTAGE OR POINT SYSTEM FOR DEPARTMENTAL QUOTAS. Salesmen's quotas, in the plan of the American Radiator Company, are divided into four departments -- radiation feet, boiler pounds, specialties in dollars, and number of vacuum cleaners. The volume of business is not considered. Each of these "departments" is figured as 100 points or 100%, and an average of the four represents the percentage of quota attained. However, in many cases it is desirable to make one department count double the number of points of another, for instance when one line is more profitable. This situation is handled by using the point system and allotting the number of points to each department in accordance with its value.

HOW DEALERS ARE GIVEN QUOTAS. The most successful plan of giving quotas to dealers is to make the salesman responsible for all dealers in his territory attaining their quotas. Mr. Joseph R. Hyde, Secretary-Treasurer, Malone & Hyde, Inc., discusses with each salesman the past sales of each individual dealer in his territory, ascertaining what additional business each one can do with the company during the coming year. This completed, the total represents the salesman's quota, and he voluntarily makes himself responsible for all of his dealers buying this quota.

FORD'S PLAN FOR GENERAL SALES AGENCY QUOTAS. The Ford plan for assigning general sales agency quotas is briefly described as follows:

> Careful analysis is made of the potential possibilities of each territory, consideration being given to the wealth of the community, its population, the nature of local industries and other factors. Hence each agent is told how many cars he should sell. The task is assigned and it is absolutely necessary for him to get results on this basis to hold the agency.

/DO NOT SET QUOTAS TOO HIGH. It is the consensus of opinion among sales manager. that, while quotas should be high enough to set a mark at which the salesman

can shoot, it is desirable to have the men exceed them because of the effect.

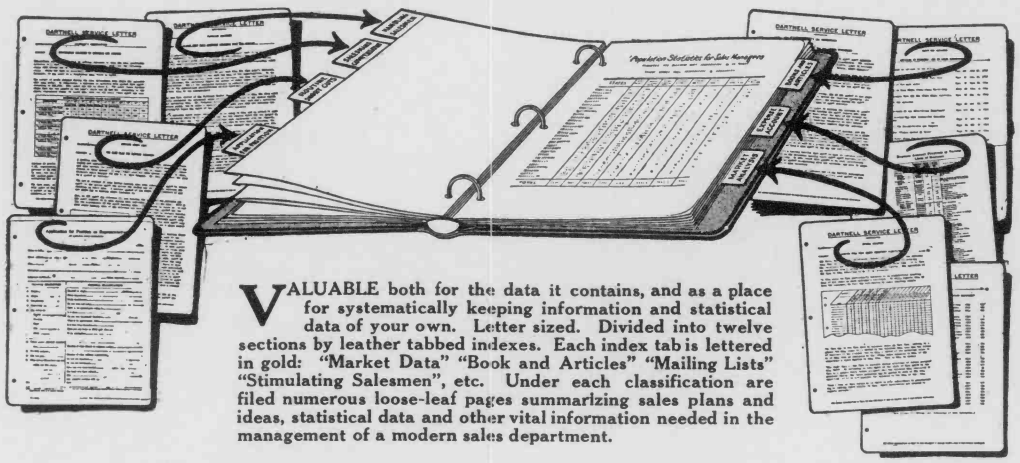
SELLING QUOTA TO THE SALES ORGANIZATION. Many a carefully planned quota system has been a failure because it was not properly sold to the salesmen. Regardless of how logical home office executives may regard their quota plan it must be put up to the organization in such a way as to immediately promote the interest and activity of the men.

METHODS FOR KEEPING QUOTA BEFORE ORGANIZATION. To maintain the greatest interest in attaining quota, nearly all concerns report the use of contests. This subject has been covered fully by another Dartnell report. Contests should be supplemented with various methods for keeping comparative quota standings before the men. Bulletins and house organs are a popular method for doing this. In them the quota race is illustrated in such forms as the automobile race, target shooting, horse race, aeroplane altitude flying, constructing a building, cross-continent races, tabulations showing leaders at the top, and in many other ways. The Ingersoll watch people have a daily quota sheet which each man fills out showing his quota alongside of what he has sold on each model. The salesman fills this out just as he does his report slips. The American Radiator Company furnishes each salesman with a tabulation showing quota standing in detail, the form for which is reproduced in this report. This not only gives details of quota and the salesman's progress by departments, but it includes his standing in furnishing various classes of names of prospects, which is part of the quota arrangement. The American Multigraph Sales Company, Chicago, has in the office a large blackboard on which is painted a thermometer for each salesman, registering his quota standing from day to day. In the Sales Manager's Desk Book is a description of an individual chart card used by the Todd Protectograph Company to visualize the work of each salesman for the year. These charts have been used by this company with great success.

TABULATION OF FACTORS ENTERING INTO QUOTA.

-- NATURE OF FACTOR --	-- SOURCE OF STATISTICS --
Farm Wealth	Statistical Atlas of the U. S., 1914, published by Department of Commerce, Bureau of Census, Washington, D. C., price $2.50.
Crop Values	Statistical abstract of the U. S., 1918, published by Department of Commerce, Bureau of Census, Washington, D. C., price 50¢.
Statistics by Lines of Business	Trade Papers of importance; Associations in many industries; Government census statistics by industries in Statistical Atlas and Abstract of 13th Census, mentioned above; special pamphlets on various industries, issued by Government Printing Office, Washington, D. C., small charge depending upon industry covered; Mailing List Houses.
Number of Manufacturers in each Industry by States; Total Payroll; Total Purchases; Value of Manufactured Products	Census of Manufacturers, 1914, separate publication for each state, from 5¢ to 25¢ each, Department of Commerce, Bureau of Census, Washington, D. C. Local figures from local Chamber of Commerces.
Wage Earners in Manufacturing Industries	Statistical Abstract of the U. S., mentioned in first item above.
Population Figures	1920 Census Figures now being published by cities in Dartnell Service Letters, immediately upon release by Government; Statistical Abstract of U. S., 1918, Government Printing Office, Washington, D. C.
Statistics of Cities having population of 8,000 to 25,000; Same, over 30,000	Government publications, 25¢ each, Government Printing Office, Washington, D. C.
Figures on Basic Industries, such as Meat, Paper, Printing, Shoes, etc.	See Price List 62, 4th Edition, listing publications for sale in each industry. Government Printing Office, Washington, D. C.
Wealth Index Figures, such as Telephones, Automobiles.	Telephones, local offices of phone companies. Autos, State records of registrations, Dartnell Letters.
Amount Cotton Ginned; Value of Mined Products; Value of Other Products.	Statistical Atlas of the U. S., 1914, first item mentioned; also Statistical Abstract, 1918, second item mentioned.
Bank Clearings and Transactions.	Federal Reserve Bulletin, issued by Federal Reserve Board, Washington, D. C.; Babson's Reports.

-- NATURE OF FACTOR --	-- SOURCE OF STATISTICS --
Building Activities	Dodge Reports, 53 W. Jackson Blvd., Chicago; Babson's Reports.
Wealth of Population by Cities	Abstract of Financial Statistics of Cities Having Population of Over 30,000, issued by Dept. of Commerce, Bureau of Census, Washington, D.C., 1915, Bulletin No. 132.
Agricultural Implements; Autos, Bicycles, Tricycles; Boots, Shoes, Leather, etc.; Butter, Cheese, Condensed; Canning, etc. Electrical Machinery; and reports on manufacturing in other special industries	Statistics presented in separate bulletins for each, issued by Permanent Census Bureau, Dept. of Commerce, Washington, D.C., and in combined form in Parts III and IV of the Report on Manufacturers, 1905, issued by same bureau. Upon request, complete list of separate publications and prices will be sent to any address without cost.
Dealer Statistics	Dun's or Bradstreet's; Trade Papers; Associations; Local Chamber of Commerce; Mailing List Houses, particularly a "Mail Advertising Data Book" recently published by Buckley, Dement & Co., Chicago, price $1.00 (statistics not all complete)
Cost of Living; Wages; Prices; Unemployment; etc.	Monthly Labor Reviews, isued by U.S. Dept. of Labor, Bureau of Labor Statistics, Washington, D.C.
Payroll Figures in State of Michigan	Number males and females, name of establishments, addresses, nature of business, tabulated by counties in 36th Annual Report, Department of Labor, State of Michigan, Lansing, Mich.
In Cities of 10,000 and over -- tabulation of number of establishments, wage earners, value of manufactured products, by cities.	Table 113 in the Thirteenth Census of the U.S., 1910, Abstract, Dept. of Commerce, Bureau of Census, Washington, D.C., price $2.50.
Farms; Land in Farms; Farm Population; Value of Farm Property; Live Stock on Farms; Farm Crops; other Statistics of Farms and Farmers.	Chapter 9, same as previous item; Trade Papers reaching this class of people.
Exporting and Importing figures of all character.	See Price List No. 62, 4th Edition, Government Printing Office, Washington, D.C.
National Advertisers, arranged geographically, alphabetically, and lines of business.	Standard Advertising Register, published by National Register Publishing Co., New York City, Price $25 to $75 a year by subscription.



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